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U.S. TARIFF ANALYSIS


BARRANTAGH INVESTMENT MANAGEMENT Canadian Small Cap Equities

While tariff-related rhetoric from the Trump administration intensified following his inauguration, it has remained a central theme of his re-election campaign. In response, we have maintained a balanced approach to mitigate potential downside risks from aggressive tariff policies while also positioning ourselves to benefit should these risks diminish. Additionally, our focus on a quality-value stock selection process ensures that our companies are well-equipped to navigate periods of uncertainty. The impact of the Trump administration's global trade policies on capital markets became evident last fall, as markets began pricing in a potential Trump victory. Companies with significant exposure to global trade started to underperform, while those poised to benefit from a higher interest rate environment—driven by tariffs' inflationary effects—gained traction.

Currently, ~80% of the Barrantagh Small Cap Canadian Equity portfolio is insulated from immediate tariffs, with either a domestic-facing business, services-oriented or companies with U.S. based manufacturing. Overall, the portfolio has minimal direct exposure to blanket tariffs. Most impacted: Savaria (~30% of revenue selling accessibility equipment manufactured in Canada

selling into U.S. market), Ag Growth (~15% of revenue from certain on-farm portable products manufactured in Canada and sold into US market) and Chemtrade (~30% related to some specialty chemicals produced in Canada and sold into U.S.). Therefore, only three names (10% of portfolio) have any tariff concerns, and it averages about 25% of their business [Note that 10% portfolio weight x 25% export profile x 25% tariff = a minimal total portfolio impact]. However, energy producers (Headwater [oil], NuVista and Logan [gas]) may also be in the tariff spotlight. These names represent 10% of the portfolio & we remain underweight the small cap market in E&P energy companies. Fortunately, we skew heavier on domestic exposure (Pet Value, Calian, Cargojet, Real Estate), services businesses (Financials, Andlauer, Boyd, Tech) or U.S. manufacturing footprint (Jamieson, Brookfield Business).

Although our primary view remains that cooler heads will prevail regarding tariff wars, we recognize that uncertainties—whether political, economic, or market-driven—will always be present. Rather than attempting to predict short-term developments, we remain committed to a disciplined, long-term investment approach focused on high-quality



companies with strong fundamentals. By maintaining a balanced approach and adapting to evolving market conditions, we seek to navigate periods of volatility while positioning clients for sustained growth to optimize risk-adjusted returns over time.

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